



September 29, 2006

Sent Via Email

Dear Wind Energy Stakeholders:

Re: System Access Requests and Enhancements to Current Business Practices

On August 17, 2006 the AESO requested stakeholders to review and provide comment on whether wind generation customers that have committed with a cash contribution as per the AESO's business practices and are above the 900 MW threshold, should be allowed to retain their place in the interconnection queue by providing a Letter of Credit (LoC) in lieu of the cash contribution.

The AESO received comments from five stakeholders. While stakeholders provided comments regarding a number of concerns, a majority of the stakeholders appeared to support the proposed change. The AESO continues to support its August 17, 2006 position, wherein the rationale for relaxing the terms of commitment relates to the uncertainty of a timely interconnection for those wind generation projects above 900 MW. These customers were not aware there would be a threshold until after they made their request for system access service and paid their customer contribution.

Accordingly, effective the date of this letter, wind generation project customers that have filed an application with the AESO for system access service, and in accordance with the current sequence of projects in the interconnection queue surpass the 900 MW threshold, a LoC for the total value of all customer-related costs as required by the AESO's tariff in respect of interconnection costs will be considered sufficient demonstration of commitment as per the AESO's Commitment Determination Process. Other considerations to note are as follows:

- Wind generation customers are advised to contact their AESO Project Manager to initiate the refund of their customer contribution and provisions for the LoC;
- Currently there is one wind generation project that straddles the 900 MW threshold. The proportion of the project over the 900 MW threshold will determine proportion of the customer contribution available to be refunded. The remaining proportion of the project that remains under the 900 MW threshold the cash contribution will be retained by the Transmission Facility Owner (TFO);
- Upon the date the customer contribution refund is issued, the customer will have two weeks to provide a LoC for the equivalent amount to the TFO in order to maintain their current position within the interconnection queue;
- Failure to provide the LoC within two weeks of refunding the customer's contribution, will result in the project being repositioned at the bottom of the interconnection queue (i.e. placed behind the last wind generation project in the interconnection queue);
- Customers who opt to replace their cash contribution with a LOC will maintain their position and sequence in the interconnection queue and will not advance past another committed project;
- Wind generation project customers, that are above the 900 MW threshold and have requested system access service, but have not provided financial security may also provide a LoC instead of cash, to be considered a committed project as per the AESO's business practices;
- Wind generation projects that fall within the 900 MW threshold are still required to provide their cash contribution in order maintain their current position within the queue;

- If modifications to the 900 MW threshold are made allowing additional wind generation projects to interconnect to the AIES, the next customers in the interconnection queue (up to the newly established threshold, if any) will be required to pay their customer contribution in cash in order to maintain their position within the queue. Any LoC provisions will be released upon payment of the customer contribution.

If you have questions please contact either Rene Baillargeon at (403) 539-2709 or Ed Hucman at (403) 539-2469 or by e-mail to rene.baillargeon@aeso.ca or ed.hucman@aeso.ca

Yours truly,

Edward Hucman
Manager Regulatory

cc. Rene Baillargeon